Research & Development Highlights

Socio-economic Series *Issue 3*

Accessory Apartments: Characteristics, Issues and Opportunities

Introduction

Recently there has been a surge of interest in accessory apartments in Canada. Defined as independent living spaces in primary housing units, accessory apartments usually share a yard and a parking space, and sometimes an entrance. Referred to as either accessory apartments, illegal suites or secondary units, they are an ongoing planning issue both because of their predominantly illegal status and because they are a method of housing intensification, which is increasingly being seen as a necessary and desirable development option. Typically renting at the low end of the market and representing a source of supplemental income for their owners, accessory apartments also enhance housing affordability for both renters and home owners alike.

CMHC recently completed a study of accessory apartments in Canada. It reviews current research on the subject and explores the relationship between accessory apartments and affordable housing. The study also identifies the characteristics, issues and opportunities associated with accessory apartments, particularly in Canada's three largest cities: Toronto, Montrdal and Vancouver.

Findings

Unit Characteristics

Types and Sizes: Although existing surveys have produced little information about the exact number of units available by type and size, they have confirmed a range of accessory apartment options, including bachelor apartments and multi-bedroom suites. More precise information can be obtained only through comprehensive dwelling-by-dwelling interior inspections, which have never been conducted on a significant scale in Canada.

Number of Units: Surveys in the Toronto and Vancouver regions indicate that 10 to 20 per cent of single detached dwellings contain accessory apartments. The proportion is higher in the centres of cities and in older districts. In the city of Vancouver, there were an estimated 3,000 to 6,000 accessory apartments in 1976. By 1986, it was estimated that there were 26,000 accessory apartments contained in as much as 37 per cent of the stock of detached housing. This proliferation of accessory units in Vancouver was largely the result of the construction of significant numbers of the "Vancouver Special," a disguised duplex expressly designed to accomodate a second unit. More recently, accessory apartments in Vancouver have declined to about 30 per cent of the stock of detached houses. In the Toronto region, there's an estimated ***40,500*** units – 10,000 to 20,000 units in North York, 14,000 units in Scarborough and 6,500 units in York. In the older areas of Scarborough, about 15 per cent of the stock contains accessory apartments.

In Montrdal, it is estimated that 35 to 40 per cent of the duplex stock contains accessory apartments.

Nationally, it appears that anywhere from 10 to 20 per cent of a region's detached housing stock, and anywhere from five to ten per cent of its total housing stock, contains accessory apartments.

Type of Owner: Dwelling units containing accessory apartments are either owner-occupied or absentee-landlord. More information is available about the former than the latter. Typically, owner-occupied units with accessory apartments are owned by young households that must supplement their incomes to afford their houses. For example, in

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North Vancouver, about 30 per cent of the households with accessory apartments would have to sell their homes if their supplemental income were removed. In a recent sample of 264 Toronto owners currently renting accessory apartments, 76 per cent stated that the most important reason for doing so was to make money. Conversely, of those no longer renting an apartment, 45 per cent needed the space, five per cent no longer needed the money and 12 per cent wanted more privacy. Contrary to popular belief, few senior households rent out accessory apartments.

Type of Tenant: Research has shown that most tenants in accessory apartments have social values similar to those of the owner and surrounding community, and are motivated to rent an accessory apartment in order to enjoy the quiet "family-character" of the neighbourhood. Further, a study in the district of North Vancouver found that a family or friendship tie existed in almost half of the landlord-tenant relationships reported. Based on the above research, typical concerns about the social character and class of tenants of accessory apartment appear to be unfounded.

Rent Levels: A recent study of housing needs in the district of North Vancouver found that the rent levels of accessory apartments averaged over $100, or 20 per cent less than rents for comparable units in multi-family apartment buildings (as reported by the CMHC Rental Survey). Rent levels in a survey of accessory apartments in Toronto were found to be about 15 per cent less than levels in the CMHC Rental Survey. In general, it appears that accessory apartments rent for less than average market rent. Often, however, they remain unaffordable for the lowest income groups because of the relative cost of rentals in their immediate vicinity — accessory apartments are often located in modest to middle income suburban areas. The family or friendship ties that exist in many accessory-apartment arrangements also tend to preclude low-income tenants from obtaining accessory units.

Observed Relationships: Analysis of accessory apartments in Canada reveals some interesting relationships between the types and quality of accessory apartments, and the age and type of dwelling units within which they are housed. In multiple-zoning, inner-city areas where the housing stock is typically older, accessory apartments are commonly found above grade, largely because the basements in these areas are less habitable (low ceilings, dampness and so on), and because the landlord is absent. These accessory apartments also tend to be of lower quality because they are older, they are not expressly forbidden (multiple-zoning) and their owners usually don't live close by. Conversely, in newer, suburban houses, accessory apartments are more commonly found below grade, primarily because the basement is more habitable and the owner occupies the premises. These apartments also tend to be in better condition because they are newer and because they are generally illegal, giving the owner more incentive to maintain the unit. Generally, apartment quality is at its worse in absentee landlord situations in neighbourhoods where accessory apartments are not expressly prohibited.

Issues

A number of building and municipal code issues related to accessory apartments have been identified:

Ceiling Height: Ceiling height is an especially important issue. As not all basements have sufficient height to allow for livable space, ceiling height standards are a major limitation on the number of apartments that can be created. A study in Vancouver estimated that if minimum height standards were imposed, the potential for creating basement apartments would sharply decline. For example, if a minimum height of 8 feet were imposed, some 30 per cent of potential basement apartments would be rendered illegal. The cost of excavating a basement to code standards is usually prohibitive — the same study estimated this cost at close to $40,000.

Access/Egress: To ensure fire safety, at least two means of external access and egress are required in most jurisdictions, although one of the exits is usually permitted to be a window.

Parking: Availability of parking is an important determinant of the conversion potential of a dwelling unit. Many dwelling types, such as two- to three-storey town houses with built-in garages, are considered to have less conversion potential because of their limited parking.

This issue becomes more complicated when further criteria for approval are included in bylaws. Requiring all parking to be at the back of the building or outlawing tandem parking for example, often renders illegal, units that would otherwise be suitable accessory apartments.

Dampness : Dampness in basement apartments can be injurious to health and belongings, encourage mould and produce an unsatisfactory living environment. In older houses, basement dampness often limits the potential to create accessory apartments and, where apartments have been created, it makes them less desirable.

Implications of Legalization

The advantages associated with legalizing accessory apartments seem to be outweighed by the disadvantages. With legalization comes the need for building permits, inspections and other procedural safeguards. These safeguards not only improve a municipality's information on accessory apartments, but also help ensure that the end products are healthier and safer due to better fire separation, better insulation, and better adherence to electrical, plumbing and other municipal codes.

The disadvantage to legalizing accessory apartments relates primarily to its impact on supply. Code-conforming conversions, with permit fees, building materials and labour costs, can easily exceed $40,000. Since the decision to create an accessory apartment is often a response to problems of affordability, these costs often negate the benefits of adding an apartment. After measures were introduced to legalize accessory apartments in Vancouver, the percentage of single detached units containing these apartments declined from approximately 37 per cent in 1986, to approximately 30 per cent in 1990. Similarly, in Ontario, since September 1989, only 46 units have been funded under the "Home Planning Advisory Service Program" (a program to encourage home owners to create additional units that conform to building code requirements), after approximately ten times that many initial inquiries. Many of the initial inquirers must either have chosen the less expensive, illegal route to conversion, or were discouraged from converting their dwelling unit at all.

Ironically then, although legislation could improve the quality of accessory apartments, experience indicates that the end result would be a decline in their overall numbers.

Accessory Units and Affordability

Accessory apartments represent individual household's responses to issues of housing affordability and are created only when home owners are willing to give up some of their dwelling space and privacy in order to produce revenue. Further, they are viable only when there is demand from prospective tenants who are willing to live in close proximity to landlords and/or other tenants in order to save on rent.

Historically, the supply of accessory apartments rises at times when prospective and existing home owners are least able to afford home ownership, or when the housing market is unable to meet high demands for rental accommodation. Other factors affecting the supply of accessory apartments include the economics of conversion (including the effects of legalization) and demographics.

A strictly demographic analysis indicates that there is little reason to expect an increase in accessory apartments in the near future. The demographic bulge of young families, traditionally the main group of accessory apartment owners, has now passed. Some people, therefore, believe that the number of accessory apartments will decline throughout the 1990s. Others see no reason to believe accessory apartments will decline in the near future, particularly in the Toronto and Vancouver markets, where high levels of national and international in-migration will continue to fuel housing demand.

Regardless of the fluctuations in individual housing markets, however, the leverage to expand the role of accessory apartments, either by legalizing them or by other housing policies, is quite limited, particularly at the federal level. Apart from market forces, the strongest influences on the quality, characteristics and distribution of accessory apartments are planning controls (principally zoning regulations) and building code specifications. These influences are almost entirely outside federal jurisdiction.

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This research highlight is a result of the work carried out in the Research Division of Canada Mortgage and Housing Corporation. For further information, contact: Mr. Peter Spurr or Mr. David D'Amour of the Research Division at (613) 748-2311. The full report may be obtained from the Canadian Housing Information Centre (613) 748-2367.
The Research and International Affairs Directorate of CMHC carries out and finances a broad range of research on the social, economic, and technical aspects of housing. This CMHC Research and Development Highlight Sheet is one of a series intended to briefly inform you of the nature and scope of these activities.

For more information on CMHC housing research, contact:

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